

## Message Text

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PAGE 01 ABU DH 01200 010940Z  
ACTION NEA-10

INFO OCT-01 ISO-00 PPTE-00 L-03 SNM-05 CA-01 H-02  
HA-05 SCS-06 PA-02 /035 W  
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R 010748Z MAY 78  
FM AMEMBASSY ABU DHABI  
TO SECSTATE WASHDC 7754  
USDOC WASHDC  
INFO AMEMBASSY JIDDA

UNCLAS ABU DHABI 1200

E O 11652: NA  
TAGS: EFIN, TC  
SUBJ: AJMAN ARAB BANK TO REORGANIZE

REF: ABU DHABI 977, STATE 87215

1. HENRY CORAYAT, MANAGER OF THE AJMAN ARAB BANK (AAB) SKETCHED ON 4/26 THE FOLLOWING SCENAIRO TO OIC DUBAI CONCERNING THE BANK'S POTENTIAL REORGANIZATION. WE HAVE NO CONFIRMATION OF THIS INFORMATION YET FROM OOTHER SOURCES.

2. ACCORDING TO CORAYAT, HIS BANK, WHICH HAS BEEN CLOSED SINCE LAST SUMMER BY THE UAE'S CURRENCY BOARD, PLANS TO SELL ITS LOCAL (UAE) ASSETS WITHIN THE NEXT SIX WEEKS TO A NEW BANK, TENTATIVELY NAMED THE UNITED GULF BANK. THIS NEW BANK WOULD BE MANAGED BY THE COMMONWEALTH BANK OF DETROIT. SEVENTY PERCENT OF COMMONWEALTH'S STOCK IS OWNED OR CONTROLLED BY THE FIRST ARABIAN CORPORATION, S.A., A HOLDING COMPANY WITH MANY SAUDI SHAREHOLDERS, AMONG THEM GHAITH PHARAON.

3. FIRST ARABIAN WOULD PROVIDE TWENTY PERCENT OF THE 100 MILLION DIRHAMS OF CAPITAL AUTHMRIZED FOR THE NEW BANK. A SECOND TWENTY PERCENT WOULD COME FROM "GULF INVESTMENT REALESTATE COMPANY" AN AJMANI COMPANY ONE-THIRD OWNED BY KUWAITIS. THE  
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AJMAN GOVERNMENT WOULD ADD ANOTHER TWENTY PERCENT. A FOURTH TRANCHE OF TWENTY PERCENT WOULD COME FROM THE ARAB BANK FOR INVESTMENT AND TRADE, AN ABU DHABI BASED ENTITY ONE-THIRD OF WHOSE SHARES ARE OWNED BY THE GOVERNMENT OF ABU DHABI, ONE-THIRD BY LIBYA, AND ONE-THIRD BY ALGERIA. (THE ABIFT HAD TWENTY-FIVE MILLION DIRHAMS ON DEPOSIT WITH THE AJMAN ARAB BANK, AND ITS MANAGERS WERE CONVINCED THAT THEIR ONLY HOPE OF

GETTING THEIR MONEY BACK LAY IN PARTICIPATING IN THE NEW BANK.) THE REMAINING TWENTY PERCENT OF STOCK IN THE NEW BANK IS STATED TO BE TAKEN BY VARIOUS PRIVATE INTEREST, MOSTLY UAE NATIONALS.

4. IN THIS SCENARIO, "THE UNITED GULF BANK" WILL PURCHASE THE LOCAL ASSETS OF THE AJMAN ARAB BANK FOR A LUMP SUM EQUAL TO ABOUT EIGHTY PERCENT OF THEIR BOOK VALUE. THIS SHOULD COST THE NEW BANK ABOUT FIFTY TO SIXTY MILLION DIRHAMS (ONE DIRHAM EQUALS ABOUT 3.87 DOLLARS). THE AJMAN ARAB BANK WILL GO INTO RECEIVER-SHIP AND WILL RETAIN ITS FOREIGN ASSETS -- MOST OF WHICH ARE LOANS TO WFC SUBSIDIARIES IN THE USA AND ELSEWHERE. THE RULER OF ABU DHABI WOULD COVER LOSSES WHICH DEPOSITORS FACE AS A RESULT OF THESE LOANS WHOSE TOTAL MAY REACH 170 MILLION DIRHAMS 43 MILLION DOLLARS). SHAIKH ZAYID HAS ALSO ALLEGEDLY AGREED TO PAY OFF THE AAB OVERDRAFT WITH THE CURRENCY BOARD. ALL SMALL DEPOSITORS ARE TO BE GIVEN ACCOUNTS IN THE NEW BANK, AND MOST ARE EXPECTED TOMWITHDRAW THRIE FUNDS IMMEDIATELY. THE FIFTY OR SO LARGE DEPOSITORS AMONG THE BANK'S SEVEN HUNDRED-ODD DEPOSITORS WOULD BE ABLE TO GET THEIR MONEY IN PHASED WITHDRAWALS SPREAD OUT OVER A YEAR OF SO. THE AJMAN ARAB BANK, THE CURRENCY BOARD, AND THE GOVERNMENT OF AJMAN HAVE BROUGHT A CIVIL SUIT AGAINST GUILLERMO HERNANDEZ - CARTAYA AND WFC THROUGH THE AAB'S ATTORNEYS, KRIST & MCMURRAY OF HOUSTON, TEXAS.

DICKMAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 01 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Subject:** AJMAN ARAB BANK TO REORGANIZE  
**TAGS:** EFIN, TC, (CORAYAT, HENRY)  
**To:** STATE COM  
**Type:** TE  
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